

Update: NO_x Budget/CAIR Seasonal Programs Funding

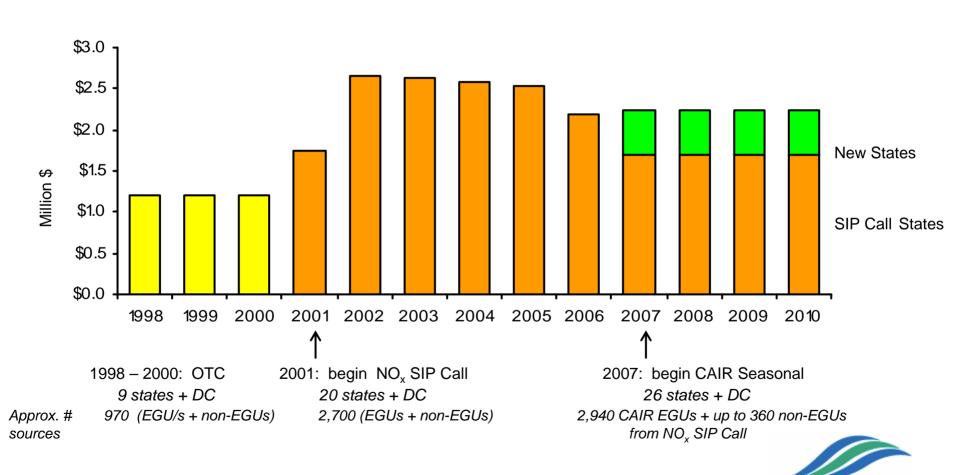
June 2005

Briefing Overview

- NO_x Budget Funding History
 - OTC, NO_x SIP Call, CAIR Seasonal
- How is the Money Being Spent?
- Transition from NO_x Budget to CAIR
 Seasonal Program
 - Projection of sources/ \$ contribution for States that participate in seasonal NO_x allowance trading program administered by EPA
- Projected Activities: 2005 2010



NO_x Budget Funding History



How is the Money Being Spent?

- Operations Contractor Support
- Working Capital Fund (Mainframe computer operation and maintenance, disaster recovery, security)
- Software Development
 - Converting to e-Gov, paperless program
 - Re-engineering system to contain or lower operating costs by
 - ... Going paperless (e.g., replacing paper-based with electronic transactions)
 - ... Converting to client server environment
 - ... Improving computer security
 - ...Improving State/public access (e.g., expand web-based Data and Maps tool)
- Emissions Monitoring (Guidance, Petitions, QA, Auditing)
- Assessment/Program Accountability



NO_x Budget/CAIR Seasonal Programs:

Units by State and Region

	NO _x Budget Program: Units Reporting in 2004			Potential Units in CAIR Seasonal Program			
Region/ State	EGUs	Non-EGUs in Trading Program	Total NO _x Budget	EGUs	Potential Addition of NO _x Budget non-EGUs	Other NO _x Budget Program Additions	Total: NO _x Budget/ CAIR Seasonal
Region I	148	13	161	137	13	22	172
Connecticut	56	4		56	4		60
Massachusetts	81	9		81	9		90
New Hampshire						8	8
Rhode Island	11	0				14	14
Region 2	499	35	534	499	35		534
New Jersey	168	12		168	12		180
New York	331	23		331	23		354
Region 3	472	91	563	472	91		563
Delaware	28	12		28	12		40
District of Columbia	2	3		2	3		5
Maryland	81	9		81	9		90
Pennsylvania	175	36		175	36		211
Virginia	122	15		122	15		137
West Virginia	64	16		64	16		80
Region 4	479	78	557	813	78		891
Alabama	78	23		78	23		101
Florida		1		259			259
Kentucky	95	7		95	7		102
Mississippi		1		75			75
North Carolina	141	11		141	11		152
South Carolina	81	13		81	13		94
Tennessee	84	24		84	24		108

	NO _x Budget Program: Units Reporting in 2004			Potential Units in CAIR Seasonal Program			
Region/ State	EGUs	Non-EGUs in Trading Program	Total NO _x Budget	EGUs	Potential Addition of NO _x Budget non-EGUs	Other NO _x Budget Program Additions	Total: NO _x Budget/ CAIR Seasonal
Region 5	664	123	787	746	123		869
Illinois	232	36		232	36		268
Indiana	138	43		138	43		181
Michigan	126	15		126	15		141
Ohio	168	29		168	29		197
Wisconsin				82			82
Region 6			0	125			125
Arkansas				41			41
Louisana				84			84
Region 7			0	148			148
lowa				46			46
Missouri	Phase II			102			102
Total Units	2,262	340	2,602	2,940	340	22	3,302



NO_x Budget/CAIR Seasonal Programs:

Sec 105 \$ Allocation by State and Region

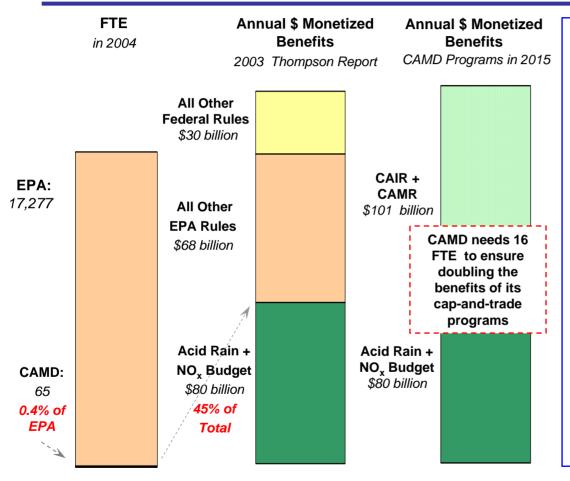
Region/ State	NO _x Budget Program Cost	CAIR Seasonal Program Cost
Region I	\$178,710	\$114,724
Connecticut		\$40,020
Massachusetts		\$60,030
New Hampshire		\$5,336
Rhode Island		\$9,338
Region 2	\$592,740	\$356,178
New Jersey		\$120,060
New York		\$236,118
Region 3	\$610,146	\$375,521
Delaw are		\$26,680
District of Columbia	\$9,816	\$3,335
Maryland		\$60,030
Pennsylvania		\$140,737
Virginia	\$103,068	\$91,379
West Virginia	\$68,712	\$53,360
Region 4	\$521,475	\$594,297
Alabama	\$84,663	\$67,367
Florida		\$172,753
Kentucky	\$92,025	\$68,034
Mississippi		\$50,025
North Carolina	\$131,289	\$101,384
South Carolina	\$92,025	\$62,698
Tennessee	\$121,473	\$72,036

Region/ State	NO _x Budget Program Cost	CAIR Seasonal Program Cost
Region 5	\$652,764	\$579,623
Illinois	\$181,596	\$178,756
Indiana	\$171,780	\$120,727
Michigan	\$121,473	\$94,047
Ohio	\$177,915	\$131,399
Wisconsin		\$54,694
Region 6		\$83,375
Arkansas		\$27,347
Louisana		\$56,028
Region 7	\$22,086	\$98,716
low a		\$30,682
Missouri	\$22,086	\$68,034
Total Annual \$	\$2,577,921	\$2,202,434

New CAIR states are in red font.



EPA Faces a Major Opportunity to Ensure Increased Benefits of Our Programs at a Small Cost



- Acid Rain and NO_x Budget flagship EPA programs
 - Largest benefits of recent programs
 - Virtually 100% compliance
 - Widely accepted because results driven with a customer service focus
 - Cost to benefits ratios impressive
 - o \$1.2 billion benefits per FTE
 - o \$33 in benefits per \$ of industry cost
- Have opportunity to expand these programs substantially – CAIR and CAMR
 - More than double benefits
 - Same compliance rate
 - Want to continue proven approach
 - Costs to benefits ratios remain impressive
 - \$2.1 billion benefits per FTE
 - \$24 in benefits per \$ of industry cost
- Need 16 more FTEs now to ensure successful implementation of CAIR and CAMR while continuing Acid Rain and NO_x Budget programs

Estimates are in 1999\$

Sources: US EPA. FY06 Budget in Brief.

OMB, Informing Regulatory Decisions: 2003, Report to Congress on the Costs and Benefits of Federal Regulations (the "Thompson report").

US EPA, 1998 RIA for NO, SIP Call, FIP, and Section 126 Petitions

